

EXHIBIT 1
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HB 109

HB109

**Comments from George Olsen
Representing Montana Society of CPAs**

The law does in fact create additional reporting requirements. In order to comply, the grantor would need to have a return for the trust which may not be required if there is a single beneficiary. Grantor trusts can be simply an alter ego for an individual and do not require a separate return or even a Federal ID number. These Trusts use the Social Security number of the individual grantor.

There is no central registry for grantor trusts like corporations and LLC's have with the Secretary of State's office. Identifying the trusts would be a monumental task.

A grantor trust can be trustee by a Montana trust company for the benefit of a non resident but none of the interest and dividends are taxable to Montana. The tax is paid to the state of residency. Montana trust companies are required to advise the beneficiaries that the sale of Montana real estate is taxable to Montana.

Many out of state tax preparers would not be aware of the requirement to follow the passthrough entity rules since the trust would not require a separate return. They would have no notice or instructions to follow. They would still be required to report Montana activity.

Having worked with the Department of Revenue on the original passthrough legislation, I feel that HB 109 is too broad and general and would be difficult if not impossible to enforce.

George Olsen
Galusha Higgins & Galusha PC
910 North Last Chance Gulch
PO Box 1699
Helena, MT 59624-1699
406-442-5520